

FINANCIAL STATEMENTS
NORTH CAROLINA SUBSTANCE ABUSE
PRACTICE BOARD
JUNE 30, 2013

NORTH CAROLINA SUBSTANCE ABUSE PRACTICE BOARD
Financial Statements
Year Ended June 30, 2013
BOARD MEMBERS (2012-2013)

Flay Lee, President

David R. Turpin, Treasurer

Tony Beatty

Bert Bennett

L. Worth Bolton

Clyde Ebron

Joe Fortin

Cheryl Gentile

Danny Graves

Al Greene

Carol Hoffman

Jessica Holton, Secretary

Lynn Inman

Lynn Jones

Karen McDonald

Mary Jane McGill

Phil Mooring

Nora Noel

Jane Peck

Wrenn Rivenbark

Mike Vannoy

Dale Willetts

Helen Wolstenholme

Bert Wood

NORTH CAROLINA SUBSTANCE ABUSE PRACTICE BOARD
Financial Statements
Year Ended June 30, 2013

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NORTH CAROLINA SUBSTANCE ABUSE PRACTICE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the year ending June 30, 2013. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

During Fiscal Year 2012-2013, the Board's net assets increased \$158,331.20 due to the Board's operating revenues exceeding its operating expenses. This was mainly from an increase in Renewal and Test Rescheduling Fees.

During Fiscal Year 2012-2013, the operating revenues of the Board decreased \$15,459.77 because there was less income, overall.

During Fiscal Year 2012-2013, the non-operating revenues of the Board decreased because the two Certificate of Deposits have not matured and there were no legal fees reimbursement.

During Fiscal Year 2012-2013, the operating expenses of the Board decreased \$51,134.10. This is due to a decrease of large expenditures such as the website design.

Overview of the Financial Statements

This financial report consists of two sections: Management's Discussion and Analysis and the Financial Statements. The Board has no other supplementary information required by Governmental Accounting Standards Board (GASB) Statement no. 34. The Financial Statements also include notes to the financial statements that provide detail of the information included in the financial statements.

Basic Financial Statements

The financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies.

The Statement of Net Assets present the current and long term portions, if any, of assets and liabilities separately.

The Statement of Revenues, Expenses, and Changes in Net Assets present information on how the Board's assets changed because of its operations.

The Statement of Cash Flows presents information on how the Board's cash changed because of its financial activities.

NORTH CAROLINA SUBSTANCE ABUSE PRACTICE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013

Condensed Financial Information

The following presents condensed financial information on the operations of the Board:

<i>Current assets</i>	<u>\$ 941,802.47</u>
<i>Total assets</i>	<u>\$ 941,802.47</u>
<i>Current liabilities</i>	<u>\$ -----</u>
<i>Total liabilities</i>	<u>\$ -----</u>
<i>Unrestricted net assets</i>	<u>\$ -----</u>
<i>Total net assets</i>	<u>\$ -----</u>
<i>Operating revenues</i>	<u>\$ 855,452.81</u>
<i>Operating expenses</i>	<u>\$ 696,436.84</u>
<i>Operating income</i>	<u>\$ 159,015.97</u>
<i>Non-operating revenues (Interest & Bank Fees Reimburse)</i>	\$ 59.95
<i>Non-operating expenses (Service Charges)</i>	<u>\$ (744.72)</u>
<i>Change in net assets</i>	<u>\$ 158,331.20</u>

Events Affecting Future Operation

The Board has indicated it has no significant events affecting future operations, which are reportable pursuant to GASB 34.

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact the North Carolina Substance Abuse Practice Board (NCSAPPB), P.O. Box 10126, Raleigh, North Carolina 27605.

NORTH CAROLINA SUBSTANCE ABUSE PRACTICE BOARD
Statement of Net Assets
June 30, 2013

Assets

Current Assets:

<i>Cash: Checking Account: 025320991934</i>	\$ 741,691.97
<i>Money Market: 5321037325</i>	19,613.80
<i>Certificate of Deposit: 11020712187</i>	134,150.22
<i>Certificate of Deposit: 11020712188</i>	46,346.48
<i>Total Assets</i>	<u>\$ 941,802.47</u>

Liabilities and Net Assets

Current Liabilities:

<i>Accounts payable</i>	\$ -----
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Net Assets:

<i>Unrestricted</i>	\$ -----
<i>Total liabilities and net assets</i>	<u>\$ 941,802.47</u>

The accompanying notes are an integral part of these financial statements.

**NC Substance Abuse Professional Practice
Board
Profit & Loss
July 2012 - June 2013**

	<u>Total</u>
Income	
Application Packets	38,031.00
Bank Fees Reimbursement	35.00
Criminal Background Checks (Pass Through)	34,565.00
DWI Trainings	75.00
Interest Income	24.95
International Certificates	999.00
License Verifications	7,065.00
Miscellaneous Income	2,740.74
Registration Fees	121,610.00
Renewal Fees	178,294.00
State Contract	350,402.07
Study Guides	178.00
Test Rescheduling Fees	2,440.00
Training Review	20,425.00
Written Re-Test Fees	26,330.00
Written Test Fees	72,298.00
Total Income	<u>\$855,512.76</u>
Gross Profit	\$855,512.76
Expenses	
Accounting Fees	14,031.25
Administrative Services	343,670.00
Bank Service Charges	744.72
Board Insurances	3,115.00
Computer - Maintenance & Repair	2,554.89
Consultants	15,000.00
Copier Lease	6,677.37
Criminal Background Checks	36,300.00
Dues	5,154.50
Exams	67,855.00
IC&RC/AODA Meetings	14,982.76
Interest Expense	3.04
Internet Services	1,944.00
Legal Expenses	58,844.85
Meetings Expense (Board)	28,751.09
Miscellaneous Expense	15,906.88
NCSAPPB Annual Training	2,933.86
Non-eligibility Reimbursement	545.00
Office Rent & Storage	1,891.00
Office Supplies Expense (Includes Study Guides)	7,090.84

Postage - Daily	15,976.97
Postage - Newsletter	8,869.94
Printing Expense - Daily	10,211.02
Printing Expense - Newsletter	13,319.74
Reimbursement	48.00
Scholarships	2,390.00
Telephone Expenses	2,875.03
Travel Reimbursement	<u>15,494.81</u>
Total Expenses	<u>\$697,181.56</u>
Net Operating Income	<u>\$158,331.20</u>
Net Income	<u>\$158,331.20</u>
<i>Total operating expenses</i>	<i>\$ 696,436.84</i>
<i>Operating income</i>	<i>\$ 855,452.81</i>
<i>Non-operating revenue – interest & Bank Fees Reimburse</i>	<i>\$ 59.95</i>
<i>Non-operating expenses –bank charges</i>	<i><u>\$ (744.72)</u></i>
<i>Change in net assets</i>	<i><u>\$ 158,331.20</u></i>
<i>Net assets – beginning of year</i>	<i><u>\$ 775,609.27</u></i>
<i>Net assets – end of year</i>	<i><u>\$ 941,802.47</u></i>

The accompanying notes are an integral part of these financial statements.

NORTH CAROLINA SUBSTANCE ABUSE PRACTICE BOARD

Statement of Cash Flows

Year Ended June 30, 2011

Cash flows from operating activities:

Cash received from fees and other operating income \$ 855,452.81

Cash payments for operating expenses \$ 696,436.84

Net cash provided by operating activities \$ 159,015.97

Cash flows from non-investing activities:

Interest \$ 59.95

Cash flows from investing activities:

Bank Charges (\$ 744.72)

Net increase in cash \$ 158,331.20

Cash – beginning of year \$ 775,609.27

Cash – end of year \$ 941,802.47

The accompanying notes are an integral part of these financial statements.

NORTH CAROLINA SUBSTANCE ABUSE PRACTICE BOARD

Notes to Financial Statements

June 30, 2013

1. NATURE OF ACTIVITIES

North Carolina Substance Abuse Practice Board (the "Board") is an occupational licensing board established by the North Carolina General Statute 90; article 5C "North Carolina Substance Abuse Professional Practice Act." The Board became a practice act in 2005. The Board is composed of 25 Board members.

This Board is established to "safeguard the public health, safety, and welfare; to protect the public from being harmed by unqualified persons, and to assure the highest degree of professional care and conduct on the part of credentialed substance abuse professionals, to provide for the establishment of standards for the education of credentialed substance abuse professionals, and to ensure the availability of credentialed substance abuse professional services of high quality to persons in need of those services."

The Board's operations are financed with self-generated revenues from fees charged to licensees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards.

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of North Carolina because the state exercises oversight responsibility in that the Governor and the General Assembly appoint the Board Members, and the public service is rendered within the State's boundaries. The accompanying financial statements present only the activity of the North Carolina Substance Abuse Practice Board.

NORTH CAROLINA SUBSTANCE ABUSE PRACTICE BOARD
Notes to Financial Statements
June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

In accordance with *Statement of Governmental Accounting Standards 34*, the Board herewith presents a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows. These statements reflect entity-wide operation of the Board. The Board has no fiduciary funds or component units.

The financial statements report all activities of the North Carolina Substance Abuse Practice Board using the economic resource measurement focus and the accrual basis of accounting appropriate for governmental entities. Under this method, revenues are recognized in the period when earned and available to finance the Board's operations and expenses and are recorded when the liabilities are incurred.

The Statement of Revenues, Expenses, and Changes in Net Assets demonstrate the degree to which the direct expenses of the Board are offset by license fees.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operation of the Board. Operating revenues consist of credentialing fees, study guide sales, and income from the State of NC. Non-operating revenues and expenses, if any, consist of those revenues and expenses that are related to investing activities and are classified as non-operating in the financial statements.

Cash

This classification includes un-deposited receipts, petty cash, checking accounts and time deposits held by the Board. Certificates of deposits (if any) are considered investments for the purposes of the Statement of Net Assets and Statement of Cash Flows.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NORTH CAROLINA SUBSTANCE ABUSE PRACTICE BOARD
Notes to Financial Statements
June 30, 2013

Revenue Recognition

The board's license fees are assessed and collected every two years, which begins with each respective licensee's license inception date, and ends on each respective licensee's subsequent second year anniversary date. Licenses are renewed for a period of three years. License renewal fees are recognized revenue in the period received and are not deferred and recognized as revenue over the periods to which they relate. This revenue recognition method reasonably reflects income of the Board.

NET ASSETS

The net assets of the Board are classified as follows:

Invested in capital assets – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any loan proceeds that are attributable to the acquisition, construction, or improvement of those capital assets.

Restricted net assets – expendable – This component of net assets consists of net assets, which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

As of June 30, 2013 the Board had no net assets invested in capital assets and no restricted net assets – expendable.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of *restricted or invested in capital assets*.

CONTRACTUAL MANAGEMENT SERVICES

The Board does not have any employees. The Board has an annual contract with a company located in Raleigh, North Carolina to provide administrative services. The contract includes all services related to the process of license application, license renewal and various other duties. The amount paid under the contract in *Fiscal Year 2012-2013* was \$350,402.07.

NORTH CAROLINA SUBSTANCE ABUSE PRACTICE BOARD
Notes to Financial Statements
June 30, 2013

3. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by participation in certain state-administered risk programs and self-retention of certain risks. The Board has also purchased commercial insurance coverage.

4. CONTINGENCIES

The Board is involved in occasional disciplinary hearings throughout the year which arise in the ordinary course of its operations. In the opinion of management of the Board, the results of such actions during the year under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.